



CITY OF FRISCO PURCHASING DIVISION

April 12, 2011

Addendum #1

Questions and Answers

Bid # 1103-038

RFP for Professional Auditing Services

1. Have there been any significant changes in federal and state awards? Do you anticipate similar number of major federal and state programs for fiscal year 2011 as in 2010?

We have not had significant changes in grant awards. We anticipate a similar number of major programs for 2011.

2. What was the nature and magnitude of any audit adjustments for the FY 2009 and 2010 audits?

For 2010 we had no audit adjustments or differences. For 2009, we had two audit adjustments:

- 1) An entry to correct the City's franchise taxes receivable and deferred revenue balances which also created a prior period adjustment at the government wide level only.
- 2) An entry to correct the deferred revenue balance in the capital projects fund.

3. Is there a requirement to utilize subcontractors?

None known.

4. Have your previous auditors utilized subcontractors in the past?

No.

5. On page 32 of the RFP it states: "Staff time can be provided by the City's Finance Division. Clearly describe the work the firm proposes that the Staff perform." Has the City provided staff time to the external auditors in the past? The City does not have an internal audit function, so has staff from the City's Finance Division assisted the external auditors in the past?

The City contracts with a third party to provide internal reviews. We do a data analysis at the end of each fiscal year for our vendor master file and employee master file. This data analysis is shared with the external auditors. Additionally, City staff prepare many of the audit workpapers and the CAFR.

6. Appendix E – It appears that all-inclusive, not-to-exceed hours and fees are required for the financial statement and single audit, by staff level and billing rates shown for each level. Appendix E, page 39 of 42 of the RFP is consistent with this. However, Appendix E, page 40 of 42 of the RFP is not consistent with this. Other than the Single Audit, the scope of the special projects are not defined and can vary depending on the special project, and therefore a schedule and total price cannot be included at this time. Should we include our hourly rates for the services to perform the special projects?

Yes, just include your hourly rates for special services. Special projects could include assistance with implementing new GASB pronouncements or work related to bond sale issuances. We do not have a large professional staff and at times require assistance with new implementations.

7. What were the comprehensive audit fees for FY 2009 and 2010? Were there any significant overage billings or unexpected changes in the scope of the audits in the past two years?

2009 \$ 89,765

2010 \$ 95,350

No overage billings or unexpected changes

8. What were the comprehensive hours for the FY 2009 and 2010 audits?

2009 between 500 – 600 (1 week interim, 4 weeks field work, report finalization)

2010 between 500 - 600

9. Please describe the financial systems of the City. Are these systems integrated? Is the integration automated or manual?

The City implemented Tyler MUNIS on October 1, 2007 for financial transactions, purchasing and human resources/payroll. We use Tyler INCODE for our utility billing, with imported feeds to the general ledger daily for transactions and refunds. UDS is used in the Municipal Court, Trackit for Development Services and CLASS for our Recreation Services and point of sales system. Integration for these transactions are manual – system generated reports are provided daily to the Central Cashier for input into the general ledger.

10. Have there been any restatements in the previous three (3) years?

2009 – A restatement to prior year at the government wide level. We had not been accruing a major electric franchise tax payment that we receive in February of the next year to the prior year books. We just recognized on the cash basis, even though the

revenue was for a prior period, paid after the fact. This entry corrected this accrual and was a restatement to prior year.

11. Has minority/woman-owned business participation been utilized in the past? If so, what percentage of the contract were they awarded and how were they utilized during the audit process?

None known.

12. Any changes in operations, internal controls, systems, etc. during 2011 that could have a significant impact on the audit process?

Not at this time.

Vendors who may have already submitted a bid and feel this addendum may change their bid price, may pick up their bid, and return it by the closing date. If picking up the bid is not feasible, any new bid submitted by your firm will supersede one previously submitted.

Acknowledge receipt of this addendum by initialing in the appropriate space on the bid document.

Sincerely,

Tom Johnston CPPO, C.P.M.

Director of Administrative Services

City of Frisco